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FISCAL IMPACT REPORT

SPONSOR Nunez DATE TYPED 1/28/04 HB 232

SHORT TITLE Food Service Sanitation & Permit Fees SB _____

ANALYST Wilson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
			See Narrative		

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	\$160.0	See Narrative	Recurring	OSF

SOURCES OF INFORMATION

LFC Files

Response Received From
Environment Division (ED)

SUMMARY

Synopsis of Bill

House Bill 232 requires the Environmental Improvement Board (EIB) to increase its schedule of fees for the issuance and renewal of permits issued by the division under the Food Service Sanitation Act. The EIB shall set the schedule of fees so that no fee established by such schedule shall be less than \$100 (currently \$75.00) or more than \$200 (currently \$100) with not more than a \$25 incremental increase per fiscal year.

Significant Issues

ED claims that the higher fees will increase their ability to implement significant improvements to the overall food sanitation program for public safety and protection. Due to budgetary and staff constraints, they have not yet completed categorizing which food facilities pose a high risk and should be inspected at a frequency greater than once a year.

In the last twelve months, ED has responded to seven food borne illness outbreaks with at least 361 persons sick. Additional fee revenues will allow ED to enhance the current program through food service personnel training and public outreach programs in addition to risk-based inspections.

FISCAL IMPLICATIONS

The ED estimates that the fee increases will bring in an additional \$160.0 to the Food Service Sanitation Fund. The next three subsequent fiscal years will see equivalent increases of revenue. Currently the ED has an operating budget of \$690.0 to inspect and permit food service establishments. The operating budget for Fiscal Year 2005 will be approximately \$850.0.

ED reports that the current \$100 limitation on the permit fees allows the ED to collect only about one third of the cost of permitting and inspecting food service establishments in the state. The City of Albuquerque, who inspects food service establishments within the City, has requested a maximum permit amount of \$350.

ADMINISTRATIVE IMPLICATIONS

ED reports that the additional revenues collected will allow for four additional FTEs to assess, classify and conduct increased food safety and compliance inspections and implement the Risk Based Food Establishment Inspection Program. EIB approval will be required to raise the permit fees, which may take several months. In FY05, the assessment and classification of the facilities can be completed with increased inspections of high-risk food facilities starting in FY06. Current staff will absorb the additional tasks of review of the food establishments for risk classification. This will also provide administrative directive for implementing training and outreach education to the regulated industry and public.

POSSIBLE QUESTIONS

House Bill 232 amends the Food Service Sanitation Act by appropriating money in the Food Service Sanitation Fund to be administered by the ED for the purpose of paying the costs of administering regulations promulgated by the EIB to carry out the provisions of the Food Service Sanitation Act. Why is this necessary?

DW/lg:yr